

mod30012
TASKID# 5781
cc: Wayne

ASH GROVE CEMENT COMPANY

WESTERN REGION
P.O. Box 38069
Leamington, Utah 84638
435-867-1212

December 20, 2013

RECEIVED

DEC 20 2013

DIV. OF OIL, GAS & MINING

Paul B. Baker
Mining Program Manager
Utah Division of Oil, Gas and Mining
1594 West North Temple
Salt Lake City, UT 84116

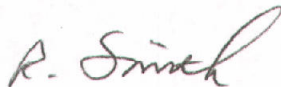
Subject: Evaluation of Reclamation Surety,
Nielson Sandstone Mine,
M/023/0012

Dear Mr. Baker:

Pursuant to the request in your letter dated October 29, 2013, we are submitting herewith an updated estimate of the reclamation surety required for the Nielson Sandston Mine located in Juab County. This estimate has been prepared on the Division worksheets using standard unit costs obtained primarily from *RS Means Heavy Construction Cost Data (2013)*.

Once the updated cost estimate is approved, it is our intent to submit this as a clean-copy amendment to Section 113 of the Notice of Intention to Conduct Large Mining Operations. Please contact Josh Nelson of our staff (435-857-1212) or Richard White of EarthFax Engineering (801-561-1555) if you have any questions regarding this submittal.

Sincerely,
Ash Grove Cement Company



Ron Smith
Plant Manager

Enclosure

SECTION 113 - SURETY

113.1 INTENT TO PROVIDE SURETY

Ash Grove has posted a surety to cover the required reclamation of the existing facilities. Once the plans for the expanded facilities are approved, Ash Grove will post a surety to cover the reclamation of the expanded facilities.

113.2 SURETY COORDINATION WITH OTHER AGENCIES

No other sureties cover this property.

113.3 SURETY AMOUNT

The amount of the surety is based on the costs presented in ~~Tables 113-1 and 113-2. Table 113-1a and b presents the estimated costs for reclamation of Pit 1. Table 113-1a addresses the reclamation of the Pit1 highwalls and slope reclamation. Reclamation of the Pit1 floor and removal of the temporary storage areas is covered in Table 113-1b. Table 113-2 presents the estimated costs for reclamation of Pit 2~~Appendix 113-1.

113.4 SURETY TYPE

A bond has been posted to cover the required reclamation costs for the existing facilities. Once the plans for the expanded facilities are approved, Ash Grove will post a surety to cover the reclamation of the expanded facilities.

113.5 SURETY RELEASE

Following the completion of the required reclamation activities for each area of the mine property, Ash Grove will monitor the reclaimed areas. As these reclaimed areas meet the criteria for adequate reclamation, Ash Grove will petition the Division for release the surety for that portion of the operation.

113.6 SURETY ADJUSTMENTS AND REVISIONS

In accordance with existing DOGM Mining and Reclamation Regulations, the surety agreement will be reviewed every five years.

APPENDIX 113-1

RECLAMATION SURETY ESTIMATE

Bonding Calculations

Direct Costs

Subtotal Demolition and Removal	\$155,813.00
Subtotal Backfilling and Grading	\$489,131.15
Subtotal Revegetation	\$341,927.00
Direct Costs	\$986,871.15

Indirect Costs

Mob/Demob	\$98,687.00	10.0%
Contingency	\$49,344.00	5.0%
Engineering Redesign	\$24,672.00	2.5%
Main Office Expense	\$67,107.00	6.8%
Project Management Fee	\$24,672.00	2.5%
Subtotal Indirect Costs	\$264,482.00	26.8%

Total Cost 2013	\$1,251,353.15
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Number of years	5
Escalation factor	0.005
Escalation	\$31,598.00

Reclamation Cost Escalated	\$1,282,951.15
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Bond Amount (rounded to nearest \$1,000) 2013 Dollars	\$1,283,000.00
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Posted Bond	\$1,105,500.00
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Difference Between Cost Estimate and Bond	-\$177,500.00
Percent Difference	

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Ref.	Description	Materials	Means Reference Number	Unit Cost	Unit	Length	Width	Height	Diameter	Area	Volume	Weight	Density	Time	Number	Unit	Swell Factor	Quantity	Unit	Cost
	Pit 1 Floor	Asphalt																		
	Deduct 50% no interior walls																			
	Structure's Demolition Cost																			
	Structure's Vol. Demolished																			
	Rubble's Weight (exclude steel)																			
	Truck's Capacity																			
	Haulage																			
	Transportation Cost Non Steel Truck																			
	Transportation Cost Non Steel Drive																			
	Disposal Cost Non Steel																			
	Steel's Weight																			
	Truck's Capacity																			
	Haulage																			
	Transportation Cost Steel Truck																			
	Transportation Cost Steel Truck Drive																			
	Disposal Cost Steel																			
	Subtotal																			\$0.00
	Equipment 's Disposal Cost																			
	Dismantling Cost																			
	Equipment 's Vol. Demolished																			
	Loading Costs																			
	Transport Costs																			
	Disposal Costs																			
	Subtotal																			\$0.00
	Concrete Demolition	Asphalt																		
	Demolition Cost	2 1/2 CY Excavator rental	154330320	\$13,900.00	Mo													0.5	Mo	\$6,950.00
	Concrete's Vol. Demolished	Excavator operating cost	154330320	\$109.50	Hr													100	Hr	\$10,950.00
	Loading Cost																			
	Transportation Cost	16.5 CY truck, 50 mile cycle, 50 mph	312323203114	\$12.75	LCY													4394	LCY	\$56,023.50
	Disposal Costs	Juab County Landfill 2013 rate		\$100.00	Load													267	Load	\$26,700.00
	Subtotal																			\$100,623.50
	Concrete Demolition																			
	Demolition Cost																			
	Concrete's Vol. Demolished																			
	Loading Cost																			
	Transportation Cost																			
	Disposal Costs																			
	Subtotal																			\$0.00
	Concrete Demolition																			
	Demolition Cost																			
	Concrete's Vol. Demolished																			
	Loading Cost																			
	Transportation Cost																			
	Disposal Costs																			
	Subtotal																			\$0.00
	Total																			\$100,623.50

Ref.	Description	Materials	Means Reference Number	Unit Cost	Unit	Length	Width	Height	Diameter	Area	Volume	Weight	Density	Time	Number	Unit	Swell Factor	Quantity	Unit	Cost
	Pit 2																			
	Structure's Demolition Cost																			
	Structure's Vol. Demolished																			
	Rubble's Weight (exclude steel)																			
	Truck's Capacity																			
	Haulage																			
	Transportation Cost Non Steel Truck																			
	Transportation Cost Non Steel Drive																			
	Disposal Cost Non Steel																			
	Steel's Weight																			
	Truck's Capacity																			
	Haulage																			
	Transportation Cost Steel Truck																			
	Transportation Cost Steel Truck Drive																			
	Disposal Cost Steel																			
	Subtotal																			\$0.00
	Equipment 's Disposal Cost																			
	Dismantling Cost																			
	Equipment 's Vol. Demolished																			
	Loading Costs																			
	Transport Costs																			
	Disposal Costs																			
	Subtotal																			\$0.00
	Concrete Demolition	Asphalt																		
	Demolition Cost	2 1/2 CY Excavator rental	154330320	\$13,900.00	Mo													0.25	Mo	\$3,475.00
	Concrete's Vol. Demolished	Excavator operating cost	154330320	\$109.50	Hr													50	Hr	\$5,475.00
	Loading Cost																			
	Transportation Cost	16.5 CY truck, 50 mile cycle, 50 mph	312323203114	\$12.75	LCY													2458	LCY	\$31,339.50
	Disposal Costs	Juab County Landfill 2013 rate		\$100.00	Load													149	Load	\$14,900.00
	Subtotal																			\$55,189.50
	Concrete Demolition																			
	Demolition Cost																			
	Concrete's Vol. Demolished																			
	Loading Cost																			
	Transportation Cost																			
	Disposal Costs																			
	Subtotal																			\$0.00
	Concrete Demolition																			
	Demolition Cost																			
	Concrete's Vol. Demolished																			
	Loading Cost																			
	Transportation Cost																			
	Disposal Costs																			
	Subtotal																			\$0.00
	Total																			\$55,189.50

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	Equipment Cost	Hourly Operating Costs	Equipment Overhead	Operator's Hourly Wage Rate	Hourly Cost	Number of Men or Eq.	Total Eq. & Lab. Costs	Units	Quantity	Units	Production Rate	Units	Equip. + Labor Time/Dis.	Units	Cost
Pit 1 Slope															
Water truck, off highway, 6000 gallons	\$7,125.00								1	Mo					\$7,125.00
Water truck operator, 1 truck Driver (heavy)							\$56.05	Hr	88	Hr					\$4,932.40
Drilling and blasting, rock, open face, over 1500 CY							\$14.00	BCY	13628	BCY					\$190,792.00
Dozer, crawler, torque converter, diesel 300 HP	\$15,400.00								0.7	Mo					\$10,780.00
Dozer operation cost		\$100.00							105	Hr					\$10,500.00
Off highway rear dump, 100 ton capacity	\$25,400.00								0.3	Mo					\$7,620.00
Off highway rear dump operating cost		\$245.80							50	Hr					\$12,290.00
Front end loader, 4WD, articulated frame, 7-9 CY	\$16,200.00								0.3	Mo					\$4,860.00
Front end loader operation cost		\$115.75							50	Hr					\$5,787.50
Excavator, diesel hydraulic, crawler mounted, 4 1/2 CY	\$24,800.00								0.25	Mo					\$6,200.00
Excavator operation cost		\$175.38							40	Hr					\$7,015.20
Topo survey, conventional							\$590.00	Day	1	Day					\$590.00
Foreman outside							\$461.20	Day	22	Day					\$10,146.40
Pickup, 4WD, 3/4 ton	\$660.00								1	Mo					\$660.00
Pickup operation cost		\$121.60							22	Day					\$2,675.20
Subtotal															\$281,973.70

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